

Doing Business in Jamaica

2011



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1. Introduction

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 80 countries throughout the world. Business partners work together through the network to conduct trans-national operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Jamaica has been provided by the office of UHY representatives:

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You are welcome to contact Dawkins Brown for any inquiries you may have.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at April 2011

We look forward to helping you do business in Jamaica.

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2. Business environment

Jamaica is a constitutional monarchy and a parliamentary democracy based on the Westminster model, with a functional two-party system. Under this system of government, the prime minister and his cabinet are responsible to the legislature.

Although an independent member of the British Commonwealth of Nations since 1962, Jamaica has retained the British monarch as its chief of state. Executive power is vested nominally in the queen but exercised by the governor general, whom the queen appoints on recommendation of the prime minister.

The domestic market

Population

With a population of approximately 2.7 million, Jamaica's population composition is as follows: 91.6% Black, 0.9% East Indian, 0.2% Chinese, 0.2% White and 6.2% mixed.

Area

The third largest Anglophone country in the Americas; Jamaica is 236 km (146 miles) long and 82 km (51 miles) wide.

Currency

The Jamaican dollar (1JMD = USD 86)

Language

English is the official language of Jamaica.

The Economy

Jamaica operates as a mixed, free-market economy with state enterprises as well as private sector businesses. Sectors poised for rapid development include agriculture, mining the creative industries, manufacturing, tourism and information communication technology (ICT).

Jamaica is a leading member of the Caribbean Community (CARICOM), which promotes the integration of economies of member states through the Caribbean Single market and Economy (CSME). Jamaica's attractiveness as an investment location has been boosted by the recently signed Economic Partnership Agreement (EPA) between the European

Union and CARIFORUM, which has the potential to accelerate trade in several areas between both parties.

Unemployment

Unemployment is a problem in the Jamaican economy. Currently 11.4% of the population is unemployed.

Foreign trade and the balance of payments

The current account recorded a deficit of USD 784.6 million for the period January to October 2010, an improvement of USD 54.1 million, relative to the corresponding period in 2009. With the exception of merchandise trade, all the sub-accounts contributed to the improvement in the current account deficit. There was a USD 83.2 million increase in the surplus on the current transfers sub-account, partly reflecting growth of 6.6 per cent in gross private remittance inflows. In addition, there was a reduction of US\$80.3 million in the deficit on the income sub-account, reflecting lower imputed profit remittances outflow and interest payments by foreign direct investment companies and the public sector, respectively. An improved outturn for the services sub-account was mainly attributed to a 5.4 per cent increase in stopover visitor arrivals and an estimated 22.6 per cent decline in the expenditure of Jamaicans travelling abroad during the period.

The widening in the merchandise trade deficit largely reflected the impact of an increase of 16.2 per cent in payments for mineral fuel imports. However, in the context of a 32.4 per cent increase in the average price of oil, this implies that fuel volumes declined significantly. Export earnings also fell by US\$45.6 million during the review period, largely reflecting respective contractions of 38.8 per cent and 65.9 per cent in the values of sugar and chemicals exports.

With regard to financing, net inflows from official sources, which included multilateral loans from the IDB, World Bank and CDB, totalling US\$632.8 million for the period, and net private capital inflows were more than sufficient to finance the deficits on the current and capital accounts. Consequently, the NIR increased by US\$254.1 million during the period. The Bank's gross reserves at 31 October 2010 was USD 2,807.4 million representing 21.5 weeks of projected goods and services imports

Financial institutions

Commercial banks, credit unions and building societies are involved in the great majority of financial transactions in all sectors of the economy. Building societies handle business transactions and are very similar in

their operations to the commercial banks but tend to specialise in private savings, personal loans and the financing of house purchases.

Stock market

The Jamaican Stock Exchange (JSE) was incorporated as a private limited liability company in August 1968 and commenced trading in February 1969. Its primary objectives are to:

- Promote the development of the stock market in Jamaica;
- Ensure the stock market and participants operate at the highest standard;
- Develop and enforce rules designed to ensure public confidence in the market;
- Provide facilities for the trade of stock;
- Conduct research and provide information to and on the market.

In 2000 the JSE established the Jamaica Central Securities Depository. Arising from this development share certificates are dematerialized. There has been increased global attractiveness of the stock market through adoption of generally accepted international standards.

3. Foreign investment

Heavy foreign investment has been a feature of the Jamaican economic scene for a long time. Since 1984, Jamaica has been a beneficiary of the Caribbean Basin Initiative, a US preferential trade program for imports from the region.

Incentives applicable to all industries

Shipping Act

Under this Act, once a company is recognized as an 'approved Shipping Corporation' it may receive tax relief and concessions on import duties for up to ten years.

Modernization of Industry Programme

This incentive provides for the waiving of General Consumption Tax chargeable on the acquisition of machinery and equipment directly related to the manufacturing process.

Urban Renewal Act

This Act is targeted at persons or organizations that facilitate or carry out urban development. Relief from income tax, stamp duty and transfer tax is given to those persons who engage in transactions geared towards urban development, i.e. the metropolitan centres of Kingston and Montego Bay.

Factory Construction Law

This Law targets companies which construct factories and lease or sell them to producers. It grants relief from import duties for items which are not available locally, and income tax on factory leasing or sales

Jamaica Export Free Zone Act

Before a manufacturer can take advantage of the concessions made available by this Act, their company must be incorporated or registered under the Companies Act. A company can operate within the designated Free Zone area or outside as a single entity in the customs territory. In order for firms outside the Free Zone complex to benefit under the single entity free-zone status, the company must be registered according to the provisions of the Companies Act, and export at least 85% of its production.

The Free Zone status enables manufacturers and service providers (in the case of informatics free zones) to benefit from the exemption from income tax on profits in perpetuity, as well as import duties and licensing. Furthermore, there exists a special provision under this Act, which permits

the repatriation of foreign exchange by overseas investors to its parent company without any form of recourse on the part of the Government.

Accelerated depreciation/special capital allowance

Qualified businesses must be certified by the Ministry of Industry, Commerce and Technology. For data processing/system development businesses, at least 20 per cent of its gross income must be derived from exports. Upon qualification, a certified business is granted a special allowance of capital expenditure for 50 per cent of the full cost of any new machinery in the year of purchase and a further 50 per cent in the second year.

International Technical Assistance Programme (ITAP)

This covers the various programmes that are funded by international agencies and administered by the JAMPRO/ITAP Department. These programmes are made available to persons wishing to make investments that are deemed to have potential to contribute to Jamaica on a developmental level. The main organization that presently funds these types of development programmes is the European Union through the European Development Fund (EDF).

The Exchange Control Act

The Government of Jamaica has no restrictions on the movement of foreign currencies flowing either in or out of Jamaica. This Act facilitates the free movement of capital to other countries, whether for investment or repatriation purposes.

4. Setting up a Business

The following are the forms through which a business can be conducted in Jamaica:

- Private companies limited by shares
- Public companies limited by shares
- Companies limited by guarantee (either with or without share capital)
- Companies having unlimited liability
- Branches of foreign corporations (overseas companies)
- Partnerships - general or limited
- Joint ventures
- Sole proprietorships

Registering a business or company

To register a business in Jamaica, one must complete the following:

1. Incorporate the local company or register its business name at the Companies Office of Jamaica (COJ). To ascertain whether the desired name is available and acceptable one must complete and submit a 'Companies Name Search' and 'Name Reservation' form at the Companies Office of Jamaica.
2. Complete and submit the following documents after which a Certificate of Incorporation is issued:
 - a. The Articles of Incorporation (Form 1A). The Articles must be stamped at the Taxpayer Audit & Assessment Department (111 Harbour Street, Kingston Tel. 924-9934)
 - b. A Declaration of Compliance (Form 2). This Declaration should be made by an attorney-at-law or chartered secretary engaged in the formation of the company or a director or secretary named in the Articles of Incorporation, stating that all the requirements of the Companies Act 2004 were adhered to when the Articles of Incorporation were being prepared. This document must be signed and sealed by a justice of the peace
 - c. A Registered Office Notice (Form 17). Note that this document records the registered or legal address of the company.
3. Complete and submit the following forms for Business name registration:
 - a. Application for Registration By Sole Trader - BN1 Form

- b. Application for Registration By Partnership - BN2 Form
- c. Application for Registration By Corporation - BN3 Form

Application forms are available online:

<http://www.orcjamaica.com/docs/>

The COJ fee schedule is available at

<http://www.orcjamaica.com/fees/>

4. Obtain a National Insurance Scheme (NIS) reference number from the Ministry of Labour and Social Security. The required documents are:
 - a. Employer Business Registration Application Form R1
 - b. Certificate of Incorporation along with Articles and Memorandum of Association
 - c. Business Name Certificate

Additional information and application form for the NIS can be accessed online at www.mlss.gov.jm.

5. Obtain a Taxpayer Registration Number (TRN): The TRN can be obtained from the Taxpayer Registration Centre at the Tax Administration Services Department (TASD) or at any of the Inland Revenue Office (Collectorate) located island wide.

Sole Proprietors

Required documents:

- Application for Taxpayer Registration (Individuals) – Form 1'
- Valid form of identification
- National Insurance Scheme (NIS) card
- Business Name Registration Certificate (BNRC) obtained from Companies Office of Jamaica.

Partnerships

Required documents:

- Application for Taxpayer Registration (Organizations) – Form 2 signed by a partner
- Business Name Registration Certificate issued by the Companies Office of Jamaica
- Verification of NIS Registration (NIS letter or payment card)
- Individual TRN and NIS for each partner
- Valid form of identification for signatory officer.

Companies (Local)

Required documents:



- Application for Taxpayer Registration (Organization) – Form 2 signed by a director or the Company Secretary Certificate of Incorporation
- Articles and Memorandum of Association (for companies registered before February 1, 2005)
- Articles of Incorporation (for companies registered after February 1, 2005)
- Verification of NIS Registration (NIS letter or payment card)
- Individual TRN for each director
- Valid identification for signatory officer.

Companies (Overseas)

Required documents:

- Application for Taxpayer Registration (Organizations) – Form 2 signed by an Authorized Officer or the Local Representative
- Notarized copies of Registration or Charter Documents (if the company is not registered in Jamaica)
- Letter of Registration from the Companies Office of Jamaica (COJ) if the company is registered in Jamaica
- Verification of NIS Registration (NIS letter or payment card) if the company has employees in Jamaica
- Form 19 or 31 (issued by COJ) stating local representative if the company is registered locally
- TRN for the local representative or directors
- Valid identification for signatory officer.

6. Obtain General Consumption Tax Registration: Apply for GCT Registration at any of the Inland Revenue Office (Collectorate) located island wide as well as the Tax Administration & Assessment Department (TAAD). Required documents:

- Application for General Consumption Tax Registration – Form 1
- Business Name Registration Certificate or Certificate of Incorporation
- Business or Company TRN.

7. Apply for a Tax Compliance Certificate (TCC): The Application is to be submitted to the Tax Administration Services Department (TASD). TCC Applications may be submitted in office, online, via email or fax. Required documents:

- Application for Tax Compliance Certificate Form
- Certificate of Incorporation
- TRN
- Tax receipts for corporate income tax, PAYE, NHT, HEART, Education Tax, General Consumption Tax, NIS, GCT, SCT

- Clearance letters from GCT, HEART Trust, Inland Revenue Department, NIS and NHT.
8. Register for statutory deductions: The contributions payable by businesses/companies under various legislations are:
- Income Tax
 - Education Tax
 - National Insurance (NIS)
 - National Housing Trust (NHT) Contributions
 - Human Employment & Resource Training (HEART) Fund Contributions.

*All deductions/contributions should be paid over to the different collecting agencies usually by the 14th of the month following the month of payment.

5. Labour

Working conditions

Non-residents of Jamaica are required to obtain the permission of the Ministry of Labour prior to engaging in any gainful venture or form of employment. The prospective employer submits the application to the Ministry of Labour on the basis of non-availability of local skills. JAMPRO, the government's primary investment agency issues permits to independent foreign investors upon approval of application and submission of necessary paperwork. Permits are usually granted for a period of two years.

Minimum wage

The National Minimum Wage Law provides for a general minimum wage in 2010 of J\$4,070.00 (approximately USD 46) for a 40 hour week.

Other minimum benefits

All workers are entitled to vacation leave, sick leave with pay and one rest day per week. On termination or dismissal, workers are entitled to pay in lieu of notice after working for a specified period of time and the pay scale increases with the duration of time with the organization. The law also provides for maternity leave and discrimination between sexes is prohibited.

Statutory contributions

- National Insurance Services (NIS) – All employees over the age of 18 must contribute 2.5% of their wages with the employer up to a maximum salary level of \$25,000 per annum.
- National Housing Trust (NHT) – The contribution for NHT is employee 2% and employer 3%.

Other contributions

- Pensions – This is discretionary and certain private sector employees have pension plans for their employees.
- Education Tax – A contribution of 2% of the employee's gross salary is deducted on a monthly basis.
- P.A.Y.E. (Pay As You Earn) – Employees are required to deduct 25% income tax from the wages of their employees less the threshold. Monthly payments must be made to the Collector of Taxes.
- HEART – The employer contributes 3% of the employee's salary.

Obtaining a work permit in Jamaica

To obtain a work permit in Jamaica you will need the following:

- Completed application form (all sections must be properly completed).
- Two photographs – These must be certified by a Justice of the Peace or notary public with a valid Commission.
- Processing fee of J\$14,400 to be paid at any branch of National Commercial Bank (NCB). Copies of the bank vouchers titled “Accounts copy and Work Permit copy” should be attached to the application to the application.
- Proof of Qualification (e.g. diplomas, certificates etc. to be certified by a Justice of the Peace or notary public with a valid Commission).
- Resume of the applicant.
- Police record - To be issued by the appropriate security authority in the country of the applicant's domicile.
- Proof of Business Registration (Certificate of Incorporation and Memorandum of Association).
- A Tax Registration Number (TRN).
- Tax Compliance Certificate if enterprise is in operation for at least a year.
- For certain positions, original newspaper advertisement (entire page on which advertisement appears), showing the name of the publication and date.
- Certified copy of pages from the passport showing:
 - proof of identity
 - passport number
 - date of issue and expiry
 - landing status in Jamaica

- Cover letter from the local employer requesting a work permit for the potential employee. The letter should be addressed to:

The Permanent Secretary
The Ministry of Labour and Social Security
1F North Street
Kingston
Jamaica

Work Permit fees will be applicable according to the duration for which the work permit is granted. The work permit fees will start from J\$27,000 for any period up to three months or part thereof (e.g. one year for J\$108,000.00). This is payable at any branch of the National Commercial Bank after notice of approval has been received.

Application forms and cover letter must be submitted in triplicate with two sets of supporting documents.

The cover letter should state efforts to recruit a Jamaican national to undertake work contemplated, and the expected duration of the work to be undertaken by the applicant.

6. Taxation

Principal taxes

The following are the principal taxes:

- Taxes on income and gains
 - Income tax
- Transactions taxes
 - General Consumption tax (GCT or VAT)
 - Transfer tax
 - Customs duties
 - Stamp duties
- Taxes on property
 - Land/Property tax
 - Asset tax
- Payroll Taxes
 - P.A.Y.E. (Pay as you earn) (Income Tax)
 - National Insurance Contributions (NIS or social security)
 - National Housing Trust (NHT)
 - Education Tax (Ed. Tax)
 - Human Employment and Resource Training (HEART) contributions.
- Other taxes
 - Annual company registration fees
 - Stamp duties
 - Motor vehicle licence tax
 - Travel tax.

Individuals

Every individual with taxable income exceeding \$441,168 in 2010 is required to file an income tax return. For employees, income tax is deducted under the P.A.Y.E. system and paid monthly to the tax authorities. Taxpayers whose incomes consist solely of employment earnings are not normally required to file regular annual returns.

Capital taxation

There are no taxes on capital or wealth in Jamaica. However, a transfer tax of 7.5 per cent is payable on the transfer of certain assets, e.g. land and buildings.

Corporations

A corporation resident in Jamaica is subject to income tax on its worldwide income. A non-resident corporation is subject to income tax if it carries on

a trade in Jamaica, has an office or place of business in Jamaica or derives income from any source in Jamaica.

The income of certain organizations is specifically exempted from income tax. These include pension and superannuation funds approved by the commissioner and charitable organizations.

Income tax rate for corporations

Corporations pay income tax on their net income at the flat rate of 33.33%. Non trading income, interest, is, however, generally taxed on the receipts basis.

Dividends and capital gains

Dividends paid out of profits by a Jamaican corporation whose shares are quoted on the Jamaica Stock Exchange are not taxed. Dividends paid by an unlisted company are taxed at the rate of 33.33% if paid to corporations (25% for payments to individuals). Where payment of the dividend is made to a foreign investor and there is a treaty in effect between Jamaica and the payee country, the lower treaty rates may apply.

Intercompany charges

Payments to foreign affiliates for management fees, research and development, and general and administrative expenses, are deductible for income tax purposes, provided they are made at arm's length rates in consideration of the services rendered.

Losses

Net operating losses incurred for a particular year of assessment may be carried forward indefinitely until fully utilised. Losses cannot be carried back. There is no provision for the utilisation of group losses.

Permanent establishments

Foreign companies which are deemed to have a "permanent establishment" (a term normally defined by the relevant treaty) in Jamaica may be subject to income or withholding tax here. If the permanent establishment is a place of business in Jamaica, that is, an office or other location from which it carries on its business activities, local law requires the registration of a branch. A separate legal entity may, instead, be registered. Various other registrations may also be required.

Branch operations

A branch operation, irrespective of the nature of its business activities, is subject to Jamaican tax on income derived from the island and elsewhere

to the extent remitted to the island. Transactions between the branch, its head office and affiliates should be at arm's length values.

Dividends, interest and royalties

Dividends, interest and royalties from Jamaican sources to a foreign corporation are subject to income tax at the rate of 33.33% or lower treaty rate.

Service/management fees and rentals

Service fees/management fees and rentals from Jamaican sources to a foreign corporation are subject to income tax at the rate of 33.33% or lower treaty rate.

General Consumption Tax (GCT or VAT)

GCT is a tax on value added, which is essentially borne by the final consumer. Effectively, the tax is collected in stages throughout the production and distribution cycle.

In computing the tax which is payable to the Revenue, the taxpayer deducts the tax paid by him on the purchase of goods and services (input tax) from the tax which he charges his customers on the sale of goods and services (output tax).

GCT is charged on the supply in Jamaica of goods and services by a registered taxpayer, and on the importation of goods and services into the country.

The standard rate of GCT is 17.5%. Some goods and services are not subject to GCT by virtue of their exempt status. Others, though taxable, are taxed at a rate of 0% (zero-rated).

GCT can be charged only by registered taxpayers. A registered taxpayer is one that is engaged in a taxable activity and has total annual turnover exceeding a threshold of J\$3,000,000.

Transfer tax

The Transfer Tax Act of 1971 provides for tax at the rate of 7.5 per cent of the consideration of each transfer, limited to 37.5 per cent of the capital gain. The tax is payable on certain classes of property situated in Jamaica. Such property comprises land and buildings, leases of land, securities of a company, and beneficial interests under any settlement on these types of property. The tax is imposed on the transferor and is paid by the purchaser, who deducts it from the consideration for the transfer. Transactions on the Jamaica Stock Exchange are exempt from the tax.

Payroll taxes

National insurance contributions

Employees are required to be insured under a state-administered program of social security insurance.

National Housing Trust contributions

Contributions are made by employers and employees on all salaries and wages, including bonuses and commissions paid for employment in Jamaica. Expatriate employees are, on application, entitled to a refund of their contributions when they leave the island permanently.

Education tax

Education tax is charged on the same basis as the contributions to the National Housing Trust; only the employer's contributions are tax deductible.

Human Employment and Resource Training contributions

The Human Employment and Resource Training (HEART) contributions are payable monthly by employers only on the wage bill at the rate of 3 per cent. The contributions are tax deductible.

Other indirect taxes

There are several other indirect taxes that are levied on certain activities or are applicable to certain industries. These include:

- Hotel accommodation tax
- Construction operations levy
- Import duty
- Stamp taxes
- Document tax
- Stamp tax on authorized share capital

Partnerships and joint ventures

A partnership is treated as a conduit and as such is not subject to income tax. Partners, corporate or individual, are taxed on their own share of the partnership income.

Taxation of foreign partners

Non-resident partners, including corporate partners, are subject to Jamaican tax on their share of the partnership profits that accrue in or are derived from Jamaica. In the absence of a definition provided by a relevant double tax convention, income is usually deemed to be derived from Jamaica if the activity is carried on within the island or if the partnership is

managed and controlled from the island. Non-resident foreign corporations pay tax on their share of profits at the same rates as resident corporations. Non-resident individual partners are taxed at the same rates as non-resident individuals. Double taxation relief may be available under the relevant treaty.

Joint ventures

A joint venture, an association of persons established for a specific task (usually of limited duration), is generally treated as a partnership and taxed in the same way as discussed above.

Double taxation agreements (treaties)

The government's policy is to negotiate treaties with those countries that carry on significant trade with Jamaica and are also likely to provide significant investment in the island.

The government uses tax treaties primarily to promote capital inflow and expand foreign trade. By the treaty mechanism, it seeks to ensure as far as possible that the tax burden in Jamaica will be no greater than in the foreign investor's country of residence. It also tries to ensure that tax-sparing provisions are used to recognize special tax incentives granted to promote investment in the island.

Jamaica has treaties with 12 countries including the United States.

7. Accounting & reporting

All businesses and professionals, local and foreign, operating in Jamaica must adhere to the laws and regulations. The Companies Act (2004) is the primary source of legal requirements regarding the operation of a company, including corporate disclosures. The Companies Act (2004) is an act of Parliament that became effective 1 February 2005. It succeeded its predecessor, the Companies Act (1965), which was broadly based on the UK Companies Act of 1948.

The Act prescribes the basis of incorporation, regulation and winding up of companies and other associations registered there-under and makes provisions for other matters relating thereto. There are approximately 40,000 active companies registered under the Companies Act. Forty-two of these companies are publicly listed on the Jamaica Stock Exchange.

The Companies Act requires considerable disclosure and compliance requirements as well as provides for increased penalties for compliance failure. The Act addresses disclosure and other regulatory requirements in relation to:

- Incorporation and registration
- Disclosures to be made in prospectus
- Capitalization and minimums
- Management and administration
- Duties and responsibilities of directors and other officers
- Matters relating to winding-up
- Registration and inspections
- Accounts and audit
- Annual reports
- Meetings and statutory filings

The Companies Act requires all registered companies to present financial statements in accordance with generally accepted accounting principles promulgated by the Institute of Chartered Accountants of Jamaica. The Institute promulgates IFRS as the national accounting standards since 2002. The Act defines the content and form of the financial statements and requires companies to maintain proper accounting records and documents to show a true and fair view of the company's affairs and explain its transactions. In the case of group companies, the Act provides that consolidated financial statements must be presented, except where the

company is a wholly owned subsidiary of another company incorporated in Jamaica. The contents of a set of financial statements as defined as:

- a) A balance sheet;
- b) Statement of changes of equity;
- c) A profit and loss account;
- d) Statement of changes in financial position;
- e) Notes to the financial statements.

The legal requirement for companies to prepare IFRS compliant financial statements facilitates an effective financial reporting system as all companies are required to be in compliance. The Institute has the regulatory mandate to set accounting and auditing standards. It has, however, no jurisdiction to ensure compliance by non-members. The following organizations are key agents in support of the regulatory framework. Entities regulated by them are therefore required to comply.

Public Accountancy Board (PAB)

The Public Accountancy Act of 1968 established a regulatory framework for the accounting profession. The Act created the Public Accountancy Board, a statutory body to issue licences to registered public accountants and promote acceptance standards of professional conduct by registered public accountants. Decisions by this regulatory agency are subject to approval by the Minister of Finance who has authority to issue regulations relating to the profession. The Minister's authority includes the making of complaints against registered public accountants and regulations governing the disciplinary investigations undertaken by the Board and the procedure for approving applications for registration as a registered public accountant.

The PAB exercises its mandate by being the legal authority that issues licences to registered public accountants who must also hold a practicing certificate from the PAB. Only registered public accountants have the legal authority to sign audit reports on financial statements. Practicing certificates may be issued to:

- Members of the Institute of Chartered Accountants of Jamaica who hold practicing certificates from the Institute;
- Jamaican citizens who are entitled to practice in another country by virtue of another professional qualification appraised by the Minister of Finance;
- A few persons who are qualified by experience and who practiced as public accountants prior to 1968.

The Institute of Chartered Accountants of Jamaica (the Institute)

The Institute was established in 1965 to regulate chartered accountants in Jamaica. It has responsibility for setting accounting and auditing standards. Some of the broad objectives of the Institute are to:

- Promote and increase professional knowledge through training;
- Regulate the discipline and professional conduct of Jamaican accountants;
- Develop and set standards to ensure the integrity and soundness of the accountancy profession.

The Institute has approximately 800 members of which 200 are practicing members authorized by it to carry out audits. Members authorized by the Institute to practice are entitled to practicing certificates from the Public Accounting Board (PAB). There is no requirement for all registered public accountants or accountants in general to become members of the Institute. The four major international professional services firms are represented in Jamaica. Three of the four are the auditors of virtually all listed companies operating in the country.

The PAB and the Institute entered into an agreement to share responsibilities to ensure unified standards for the control, monitoring and discipline of all registered public accountants in Jamaica and to improve the effectiveness of the PAB as the legal authority for the oversight of registered practicing accountants in Jamaica. The financial services regulators rely significantly on external auditors of the regulated entities to ensure compliance with accounting and financial reporting requirements and to report compliance failures. These firms are the primary source of knowledge on IFRS and ISA issues and share this knowledge routinely with the regulators. This is attributable to the fact that these regulators are still in the process of strengthening the standards and procedures and building capacity to monitor and enforce compliance.

Currently, financial reporting compliance is monitored by reviewing published financial statements of all publicly listed companies and regulated entities. With the support of the Inter-American Development Bank under a cooperation agreement, the Institute is in the process of establishing a more comprehensive monitoring and compliance programme. This programme will include peer reviews of auditing firms, practice management reviews and identifying resource gaps.

The Institute is also collaborating with The Institute of Chartered Accountants of the Caribbean (ICAC) to establish a regional monitoring unit with responsibility for the evaluation and assessment of the quality of audit and other public practice work in member countries. The implementation of this unit will ensure transparency of the quality of

audits and other public practice work. The arrangement with the ICAC is intended to facilitate independence in the practice monitoring process.

The Institute is a member of International Federation of Accountants (IFAC) and requires its members to comply with IFAC's ethical and professional standards. The standards issued by the Institute include the standards issued by the IFAC in addition to those promulgated by the Institute. Professional education requirements for becoming a member of the Institute are consistent with international standards and must meet continuing professional developments requirements of at least 35 hours of qualifying professional education annually, over three years. In response to this requirement, the Institute hosts a number of educational training programmes which are also promoted to the wider community.

Companies Office of Jamaica (formerly, Office of the Registrar of Companies)

The Companies Office of Jamaica falls under the Ministry of Industry, Commerce and Technology with responsibility for the day-to-day administration of companies, trademarks, industrial designs, industrial and provident societies, business names and recording of patents.

The organisation registers local and overseas companies, Industrial and Provident Societies and individuals carrying on business in Jamaica. Its mandate is to ensure that there is compliance with the Companies Act, the Registration of Business Names Act and the Industrial and Provident Societies Act. It also maintains up-to-date records of all companies and businesses registered.

All companies registered under the Companies Act must file prescribed returns including annual returns with the Companies Office of Jamaica. This agency is empowered to take legal action against delinquent entities to enforce compliance.

Jamaican Stock Exchange

The Jamaican Stock Exchange (JSE) was incorporated as a private limited liability company in August 1968 and commenced trading in February 1969. Its primary objectives are to:

- Promote the development of the stock market in Jamaica;
- Ensure the stock market and participants operate at the highest standard;
- Develop and enforce rules designed to ensure public confidence in the market;
- Provide facilities for the trade of stock;
- Conduct research and provide information to and on the market.

The company has a Board of Directors consisting of 18 members and facilitates trade in securities, shares, ordinary and preference and corporate bonds. Government bonds are not listed on the Jamaican Stock Exchange but by the Bank of Jamaica in an over-the-counter market. Listing of securities on the JSE is however, at the absolute discretion of the Council of the JSE. The minimum requirements for listing of a company's securities are:

- Total issued share and loan capital of \$500,000 or more;
- A minimum of 100 shareholders for companies with ordinary shares.

Companies incorporated in Jamaica may be listed by a prospectus issue, an offer for sale, an offer by tender, a placing or an introduction. In 2000 the JSE established the Jamaica Central Securities Depository. Arising from this development, share certificates were dematerialized. There has been increased global attractiveness of the stock market through adoption of generally accepted international standards.

Financial reporting and disclosure

Jamaica has a differential disclosure regime for financial reporting purposes. The types of companies may be classified as:

- Publicly listed and regulated companies;
- Private companies;
- Small companies.

All companies are required to prepare annual financial statements. These statements must be audited and circulated to the members, except for small companies that may claim exemption under the Companies Act. Companies are also required to file annually with Companies Office of Jamaica a true copy of the balance sheet and profit and loss account together with a copy of the auditors' report.

In addition to meeting the disclosure requirements, publicly listed companies are required to file with the JSE and publish in the media quarterly abridged financial statements. These must be accompanied by a directors' report and signed by at least two directors.

Companies file their annual financial statements within 90 of their financial year-end and quarterly financial statements within 45 days of the end of the quarter. Qualifying small companies may seek exemption under the Companies Act from audit of its financial statements and from preparing the financial statements to comply with IFRS.

There are three important areas of the Jamaican financial reporting framework that must be observed:

- IFRS must be used by all entities in their preparation of financial statements. Qualifying small companies that elect exemption to prepare these financial statements and accordingly may omit to do so, but must apply the standards issued by the Institute of Chartered Accountants of Jamaica that are applicable to their nature and complexity to show a true and fair view of their state of affairs and results of operations;
- International Standards on Auditing (ISA) must be used for the purpose of auditing financial statements;
- Monitoring of the system to ensure there is compliance with the Companies Act and IFRS in the preparation of financial statements and that the financial statements are audited in accordance with ISA.

8. UHY firms in Jamaica

UHY Dawgen Chartered Accountants has been established since 2002 and specialises in audit & assurance, HR solutions services, mergers & acquisitions, business advisory and accounting & outsourcing. Clients include the following sectors: distribution, travel service, professional services, construction and manufacturing.

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9. UHY offices worldwide

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